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volunteers under the age of 18 must obtain written permission from their parents or guardians to perform volunteer activities.

(d) *Status*. Volunteers participating under this part are not considered Federal employees for any purpose other than:

(1) Title 5 U.S.C. chapter 81, dealing with compensation for injuries sustained during the performance of work assignments.

(2) Federal tort claims provisions published in 28 U.S.C. chapter 171.

(3) Department of the Interior Regulations Governing Responsibilities and Conduct.

(e) *Travel and other expenses*. The decision to reimburse travel and other incidental expenses, as well as the amount of reimbursement, shall be made by the school supervisor, ASE, AEPA, and the respective school board. Payment is made in the same manner as for regular employees. Payment of travel and per diem expenses to a volunteer on a particular assignment must be supported by a specific travel authorization and cannot exceed the cost of employing a temporary employee of comparable qualification at the school for which a travel authorization is considered.

(f) *Annual report*. School supervisors shall submit reports on volunteers to the ASE or AEPA by October 31 of each year for the preceding year.

§ 38.15 Southwestern Indian Polytechnic Institute.

(a) The Southwestern Indian Polytechnic Institute has an independent personnel system established under Public Law 105-337, the Administrative Systems Act of 1998, 112 Stat. 3171. The details of this system are in the Indian Affairs Manual (IAM) at Part 20. This manual system may be found in Bureau of Indian Affairs Regional and Agency Offices, Education Line Offices, and the Central Office in Washington, DC.

(b) The personnel system is in the expected service and addresses the areas of classification, staffing, pay, performance, discipline, and separation. Other areas of personnel such as leave, retirement, life insurance, health benefits, thrift savings, etc., remain under

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the jurisdiction of the Office of Personnel Management.

[65 FR 58183, Sept. 27, 2000]

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AUTHORITY: 25 U.S.C. 13, 2008; Public Law 107-110, 115 Stat. 1425.

SOURCE: 44 FR 61864, Oct. 26, 1979, unless otherwise noted. Redesignated at 47 FR 13327, Mar. 30, 1982.

Subpart A—General

SOURCE: 70 FR 22205, Apr. 28, 2005, unless otherwise noted.

§ 39.1 What is the purpose of this part?

This part provides for the uniform direct funding of Bureau-operated and tribally operated day schools, boarding schools, and dormitories. This part applies to all schools, dormitories, and administrative units that are funded through the Indian School Equalization Program of the Bureau of Indian Affairs.

§ 39.2 What definitions apply to terms in this part?

Act means the No Child Left Behind Act, Public Law 107-110, enacted January 8, 2002. The No Child Left Behind Act reauthorizes and amends the Elementary and Secondary Education Act (ESEA) and the amended Education Amendments of 1978.

Agency means an organizational unit of the Bureau which provides direct services to the governing body or bodies and members of one or more specified Indian Tribes. The term includes Bureau Area Offices only with respect to off-reservation boarding schools administered directly by such Offices.

Agency school board means a body, the members of which are appointed by the school boards of the schools located within such agency, and the number of such members shall be determined by the Director in consultation with the affected tribes, except that, in agencies serving a single school, the school board of such school shall fulfill these duties.

Assistant Secretary means the Assistant Secretary of Indian Affairs, Department of the Interior, or his or her designee.

At no cost means provided without charge, but does not preclude incidental fees normally charged to non-disabled students or their parents as a part of the regular education program.

Average Daily Membership (ADM) means the aggregated ISEP-eligible membership of a school for a school year, divided by the number of school days in the school's submitted calendar.

Basic program means the instructional program provided to all students at any age level exclusive of any supplemental programs that are not provided to all students in day or boarding schools.

Basic transportation miles means the daily average of all bus miles logged for round trip home-to-school transportation of day students.

Bureau means the Bureau of Indian Affairs in the Department of the Interior.

Bureau-funded school means

(1) Bureau school;

(2) A contract or grant school; or

(3) A school for which assistance is provided under the Tribally Controlled Schools Act of 1988.

Bureau school means a Bureau-operated elementary or secondary day or boarding school or a Bureau-operated dormitory for students attending a school other than a Bureau school.

Count Week means the last full week in September during which schools count their student enrollment for ISEP purposes.

Director means the Director of the Office of Indian Education Programs in the Bureau of Indian Affairs or a designee.

Education Line Officer means the Bureau official in charge of Bureau education programs and functions in an Agency who reports to the Director.

Eligible Indian student means a student who:

(1) Is a member of, or is at least one-fourth degree Indian blood descendant of a member of, a tribe that is eligible for the special programs and services provided by the United States through the Bureau of Indian Affairs to Indians because of their status as Indians;

(2) Resides on or near a reservation or meets the criteria for attendance at a Bureau off-reservation home-living school; and

(3) Is enrolled in a Bureau-funded school.

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Home schooled means a student who is not enrolled in a school and is receiving educational services at home at the parent's or guardian's initiative.

Homebound means a student who is educated outside the classroom.

Individual supplemental services means non-base academic services provided to eligible students. Individual supplemental services that are funded by additional WSUs are gifted and talented or language development services.

ISEP means the Indian School Equalization Program.

Limited English Proficient (LEP) means a child from a language background other than English who needs language assistance in his/her own language or in English in the schools. This child has sufficient difficulty speaking, writing, or understanding English to deny him/her the opportunity to learn successfully in English-only classrooms and meets one or more of the following conditions:

(1) The child was born outside of the United States or the child's Native language is not English;

(2) The child comes from an environment where a language other than English is dominant; or

(3) The child is an American Indian or Alaska Native and comes from an environment where a language other than English has had a significant impact on the child's level of English language proficiency.

Local School Board means a body chosen in accordance with the laws of the tribe to be served or, in the absence of such laws, elected by the parents of the Indian children attending the school. For a school serving a substantial number of students from different tribes:

(1) The members of the local school board shall be appointed by the tribal governing bodies affected; and

(2) The Secretary shall determine number of members in consultation with the affected tribes.

OIEP means the Office of Indian Education Programs in the Bureau of Indian Affairs.

Physical education means the development of physical and motor fitness, fundamental motor skills and patterns, and skills in aquatics, dance, and individual and group games and sports (in-

cluding intramural and lifetime sports). The term includes special physical education, adapted physical education, movement education, and motor development.

Resident means a student who is residing at a boarding school or dormitory during the weeks when student membership counts are conducted and is either:

(1) A member of the instructional program in the same boarding school in which the student is counted as a resident; or

(2) Enrolled in and a current member of a public school or another Bureau-funded school.

Residential program means a program that provides room and board in a boarding school or dormitory to residents who are either:

(1) Enrolled in and are current members of a public school or Bureau-funded school; or

(2) Members of the instructional program in the same boarding school in which they are counted as residents and:

(i) Are officially enrolled in the residential program of a Bureau-operated or -funded school; and

(ii) Are actually receiving supplemental services provided to all students who are provided room and board in a boarding school or a dormitory.

Secretary means the Secretary of the Interior or a designated representative.

School means a school funded by the Bureau of Indian Affairs. The term "school" does not include public, charter, or private schools.

School bus means a passenger vehicle that is:

(1) Used to transport day students to and/or from home and the school; and

(2) Operated by an operator in the employ of, or under contract to, a Bureau-funded school, who is qualified to operate such a vehicle under Tribal, State or Federal regulations governing the transportation of students.

School day means a day as defined by the submitted school calendar, as long as annual instructional hours are as they are reflected in § 39.213, excluding passing time, lunch, recess, and breaks.

Special education means:

(1) Specially designed instruction, at no cost to the parents, to meet the

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unique needs of a child with a disability, including:

(i) Instruction conducted in the classroom, in the home, in hospitals and institutions, and in other settings; and

(ii) Instruction in physical education.

(2) The term includes each of the following, if it meets the requirements of paragraph (1) of this definition:

(i) Speech-language pathology services, or any other related service, if the service is considered special education rather than a related service under State standards;

(1) Travel training; and

(2) Vocational education.

Specially designed instruction means adapting, as appropriate, to the needs of an eligible child under this part, the content, methodology, or delivery or instruction:

(1) To address the unique needs of the child that result from the child's disability; and

(2) To ensure access of the child to the general curriculum, so that he or she can meet the educational standards within the jurisdiction of the public agency that apply to all children

Three-year average means:

(1) For academic programs, the average daily membership of the 3 years before the current year of operation; and

(2) For the residential programs, the count period membership of the 3 years before the current year of operation.

Travel training means providing instruction, as appropriate, to children with significant cognitive disabilities, and any other children with disabilities who require this instruction, to enable them to:

(1) Develop an awareness of the environment in which they live; and

(2) Learn the skills necessary to move efficiently and safely from place to place within that environment (*e.g.*, in school, in the home, at work, and in the community).

Tribally operated school means an elementary school, secondary school, or dormitory that receives financial assistance for its operation under a contract, grant, or agreement with the Bureau under section 102, 103(a), or 208 of 25 U.S.C. 450 *et seq.*, or under the Tribally Controlled Schools Act of 1988.

Vocational education means organized educational programs that are directly

related to the preparation of individuals for paid or unpaid employment, or for additional preparation for a career requiring other than a baccalaureate or advanced degree.

Unimproved roads means unengineered earth roads that do not have adequate gravel or other aggregate surface materials applied and do not have drainage ditches or shoulders.

Weighted Student Unit means:

(1) The measure of student membership adjusted by the weights or ratios used as factors in the Indian School Equalization Formula; and

(2) The factor used to adjust the weighted student count at any school as the result of other adjustments made under this part.

§ 39.3 Information collection.

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with a collection of information, subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. This part contains in §§39.410 and 39.502 collections of information subject to the PRA. These collections have been approved by OMB under control number 1076-0163.

Subpart B—Indian School Equalization Formula

SOURCE: 70 FR 22205, Apr. 28, 2005, unless otherwise noted.

§ 39.100 What is the Indian School Equalization Formula?

The Indian School Equalization Formula (ISEF) was established to allocate Indian School Equalization Program (ISEP) funds. OIEP applies ISEF to determine funding allocation for Bureau-funded schools as described in §§39.204 through 39.206.

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§ 39.101 Does ISEF assess the actual cost of school operations?

No. ISEF does not attempt to assess the actual cost of school operations either at the local level or in the aggregate at the national level. ISEF provides a method of distribution of funds appropriated by Congress for all schools.

BASE AND SUPPLEMENTAL FUNDING

§ 39.102 What is academic base funding?

Academic base funding is the ADM times the weighted student unit.

§ 39.103 What are the factors used to determine base funding?

To determine base funding, schools must use the factors shown in the following table. The school must apply the appropriate factor to each student for funding purposes.

Grade level	Base academic funding factor	Base residential funding factor
Kindergarten	1.15	NA
Grades 1–3	1.38	1.75
Grades 4–6	1.15	1.6
Grades 7–8	1.38	1.6
Grades 9–12	1.5	1.6

§ 39.104 How must a school's base funding provide for students with disabilities?

(a) Each school must provide for students with disabilities by:

(1) Reserving 15 percent of academic base funding to support special education programs; and

(2) Providing resources through residential base funding to meet the needs of students with disabilities under the National Criteria for Home-Living Situations.

(b) A school may spend all or part of the 15 percent academic base funding reserved under paragraph (a)(1) of this section on school-wide programs to benefit all students (including those without disabilities) only if the school can document that it has met all needs of students with disabilities with such funds, and after having done so, there are unspent funds remaining from such funds.

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§ 39.105 Are additional funds available for special education?

(a) Schools may supplement the 15 percent base academic funding reserved under § 39.104 for special education with funds available under part B of the Individuals with Disabilities Education Act (IDEA). To obtain part B funds, the school must submit an application to OIEP. IDEA funds are available only if the school demonstrates that funds reserved under § 39.104(a) are inadequate to pay for services needed by all eligible ISEP students with disabilities.

(b) The Bureau will facilitate the delivery of IDEA part B funding by:

(1) Providing technical assistance to schools in completing the application for the funds; and

(2) Providing training to Bureau staff to improve the delivery of part B funds.

§ 39.106 Who is eligible for special education funding?

To receive ISEP special education funding, a student must be under 22 years old and must not have received a high school diploma or its equivalent on the first day of eligible attendance. The following minimum age requirements also apply:

(a) To be counted as a kindergarten student, a child must be at least 5 years old by December 31; and

(b) To be counted as a first grade student; a child must be at least 6 years old by December 31.

§ 39.107 Are schools allotted supplemental funds for special student and/or school costs?

Yes, schools are allotted supplemental funds for special student and/or school costs. ISEF provides additional funds to schools through add-on weights (called special cost factors). ISEF adds special cost factors as shown in the following table.

Cost Factor	For more information see
Gifted and talented students	§§ 39.110 through 39.121
Students with language development needs.	§§ 39.130 through 39.137
Small school size	§§ 39.140 through 39.156
Geographic isolation of the school.	§ 39.160

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GIFTED AND TALENTED PROGRAMS

§ 39.110 Can ISEF funds be distributed for the use of gifted and talented students?

Yes, ISEF funds can be distributed for the provision of services for gifted and talented students.

§ 39.111 What does the term gifted and talented mean?

The term gifted and talented means students, children, or youth who:

(a) Give evidence of high achievement capability in areas such as intellectual, creative, artistic, or leadership capacity, or in specific academic fields; and

(b) Need services or activities not ordinarily provided by the school in order to fully develop those capabilities.

§ 39.112 What is the limit on the number of students who are gifted and talented?

There is no limit on the number of students that a school can classify as gifted and talented.

§ 39.113 What are the special accountability requirements for the gifted and talented program?

If a school identifies more than 13 percent of its student population as gifted and talented the Bureau will immediately audit the school's gifted and talented program to ensure that all identified students:

(a) Meet the gifted and talented requirement in the regulations; and

(b) Are receiving gifted and talented services.

§ 39.114 What characteristics may qualify a student as gifted and talented for purposes of supplemental funding?

To be funded as gifted and talented under this part, a student must be identified as gifted and talented in at least one of the following areas.

(a) *Intellectual Ability* means scoring in the top 5 percent on a statistically valid and reliable measurement tool of intellectual ability.

(b) *Creativity/Divergent Thinking* means scoring in the top 5 percent of performance on a statistically valid and reliable measurement tool of creativity/divergent thinking.

(c) *Academic Aptitude/Achievement* means scoring in the top 15 percent of academic performance in a total subject area score on a statistically valid and reliable measurement tool of academic achievement/aptitude, or a standardized assessment, such as an NRT or CRT.

(d) *Leadership* means the student is recognized as possessing the ability to lead, guide, or influence the actions of others as measured by objective standards that a reasonable person of the community would believe demonstrates that the student possess leadership skills. These standards include evidence from surveys, supportive documentation portfolios, elected or appointed positions in school, community, clubs and organization, awards documenting leadership capabilities. No school can identify more than 15 percent of its student population as gifted and talented through the leadership category.

(e) *Visual and Performing Arts* means outstanding ability to excel in any imaginative art form; including, but not limited to, drawing, printing, sculpture, jewelry making, music, dance, speech, debate, or drama as documented from surveys, supportive documentation portfolios, awards from judged or juried competitions. No school can identify more than 15 percent of its student population as gifted and talented through the visual and performing arts category.

§ 39.115 How are eligible gifted and talented students identified and nominated?

(a) Screening can be completed annually to identify potentially eligible students. A student may be nominated for gifted and talented designation using the criteria in § 39.114 by any of the following:

- (1) A teacher or other school staff;
- (2) Another student;
- (3) A community member;
- (4) A parent or legal guardian; or
- (5) The student himself or herself.

(b) Students can be nominated based on information regarding the student's abilities from any of the following sources:

- (1) Collections of work;
- (2) Audio/visual tapes;

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- (3) School grades;
 - (4) Judgment of work by qualified individuals knowledgeable about the student's performances (*e.g.*, artists, musicians, poets, historians, etc.);
 - (5) Interviews or observations; or
 - (6) Information from other sources.
- (c) The school must have written parental consent to collect documentation of gifts and talents under paragraph (b) of this section.

§ 39.116 How does a school determine who receives gifted and talented services?

(a) To determine who receives gifted and talented funding, the school must use qualified professionals to perform a multi-disciplinary assessment. The assessment may include the examination of work samples or performance appropriate to the area under consideration. The school must have the parent or guardian's written permission to conduct individual assessments or evaluations. Assessments under this section must meet the following standards:

- (1) The assessment must use assessment instruments specified in § 39.114 for each of the five criteria for which the student is nominated;
- (2) If the assessment uses a multi-criteria evaluation, that evaluation must be an unbiased evaluation based on student needs and abilities;
- (3) Indicators for visual and performing arts and leadership may be determined based on national, regional, or local criteria; and
- (4) The assessment may use student portfolios.

(b) A multi-disciplinary team will review the assessment results to determine eligibility for gifted and talented services. The purpose of the team is to determine eligibility and placement to receive gifted and talented services.

(1) Team members may include nominator, classroom teacher, qualified professional who conducted the assessment, local experts as needed, and other appropriate personnel such as the principal and/or a counselor.

(2) A minimum of three team members is required to determine eligibility.

(3) The team will design a specific education plan to provide gifted and

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talented services related in the areas identified.

§ 39.117 How does a school provide gifted and talented services for a student?

Gifted and talented services are provided through or under the supervision of highly qualified professional teachers. To provide gifted and talented services for a student, a school must take the steps in this section.

(a) The multi-disciplinary team formed under § 39.116(b) will sign a statement of agreement for placement of services based on documentation reviewed.

(b) The student's parent or guardian must give written permission for the student to participate.

(c) The school must develop a specific education plan that contains:

- (1) The date of placement;
- (2) The date services will begin;
- (3) The criterion from § 39.114 for which the student is receiving services and the student's performance level;
- (4) Measurable goals and objectives; and
- (5) A list of staff responsible for each service that the school is providing.

§ 39.118 How does a student receive gifted and talented services in subsequent years?

For each student receiving gifted and talented services, the school must conduct a yearly evaluation of progress, file timely progress reports, and update the specific education plan.

(a) If a school identifies a student as gifted and talented based on § 39.114 (a), (b), or (c), then the student does not need to reapply for the gifted and talented program. However, the student must be reevaluated at least every 3 years through the 10th grade to verify eligibility for funding.

(b) If a school identifies a student as gifted and talented based on § 39.114 (d) or (e), the student must be reevaluated annually for the gifted and talented program.

§ 39.119 When must a student leave a gifted and talented program?

A student must leave the gifted and talented program when either:

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(a) The student has received all of the available services that can meet the student's needs;

(b) The student no longer meets the criteria that have qualified him or her for the program; or

(c) The parent or guardian removes the student from the program.

§ 39.120 How are gifted and talented services provided?

In providing services under this section, the school must:

(a) Provide a variety of programming services to meet the needs of the students;

(b) Provide the type and duration of services identified in the Individual Education Plan established for each student; and

(c) Maintain individual student files to provide documentation of process and services; and

(d) Maintain confidentiality of student records under the Family Educational Rights and Privacy Act (FERPA).

§ 39.121 What is the WSU for gifted and talented students?

The WSU for a gifted and talented student is the base academic weight (see § 39.103) subtracted from 2.0. The following table shows the gifted and talented weights obtained using this procedure.

Grade level	Gifted and talented WSU
Kindergarten	0.85
Grades 1 to 3	0.62
Grades 4 to 6	0.85
Grades 7 to 8	0.62
Grades 9 to 12	0.50

LANGUAGE DEVELOPMENT PROGRAMS

§ 39.130 Can ISEF funds be used for Language Development Programs?

Yes, schools can use ISEF funds to implement Language Development programs that demonstrate the positive effects of Native language programs on students' academic success and English proficiency. Funds can be distributed to a total aggregate instructional weight of 0.13 for each eligible student.

§ 39.131 What is a Language Development Program?

A Language Development program is one that serves students who either:

(a) Are not proficient in spoken or written English;

(b) Are not proficient in any language;

(c) Are learning their Native language for the purpose of maintenance or language restoration and enhancement;

(d) Are being instructed in their Native language; or

(e) Are learning non-language subjects in their Native language.

§ 39.132 Can a school integrate Language Development programs into its regular instructional program?

A school may offer Language Development programs to students as part of its regular academic program. Language Development does not have to be offered as a stand-alone program.

§ 39.133 Who decides how Language Development funds can be used?

Tribal governing bodies or local school boards decide how their funds for Language Development programs will be used in the instructional program to meet the needs of their students.

§ 39.134 How does a school identify a Limited English Proficient student?

A student is identified as limited English proficient (LEP) by using a nationally recognized scientifically research-based test.

§ 39.135 What services must be provided to an LEP student?

A school must provide services that assist each LEP student to:

(a) Become proficient in English and, to the extent possible, proficient in their Native language; and

(b) Meet the same challenging academic content and student academic achievement standards that all students are expected to meet under 20 U.S.C. 6311(b)(1).

§ 39.136 What is the WSU for Language Development programs?

Language Development programs are funded at 0.13 WSUs per student.

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§ 39.137 May schools operate a language development program without a specific appropriation from Congress?

Yes, a school may operate a language development program without a specific appropriation from Congress, but any funds used for such a program must come from existing ISEP funds. When Congress specifically appropriates funds for Indian or Native languages, the factor to support the language development program will be no more than 0.25 WSU.

SMALL SCHOOL ADJUSTMENT

§ 39.140 How does a school qualify for a Small School Adjustment?

A school will receive a small school adjustment if either:

- (a) Its average daily membership (ADM) is less than 100 students; or
- (b) It serves lower grades and has a diploma-awarding high school component with an average instructional daily membership of less than 100 students.

§ 39.141 What is the amount of the Small School Adjustment?

- (a) A school with a 3-year ADM of 50 or fewer students will receive an adjustment equivalent to an additional 12.5 base WSU; or
- (b) A school with a 3-year ADM of 51 to 99 students will use the following

formula to determine the number of WSU for its adjustment. With X being the ADM, the formula is as follows:

$$\text{WSU adjustment} = ((100 - X)/200) * X$$

§ 39.143 What is a small high school?

For purposes of this part, a small high school:

- (a) Is accredited under 25 U.S.C. 2001(b);
- (b) Is staffed with highly qualified teachers;
- (c) Operates any combination of grades 9 through 12;
- (d) Offers high school diplomas; and
- (e) Has an ADM of fewer than 100 students.

§ 39.144 What is the small high school adjustment?

(a) The small high school adjustment is a WSU adjustment given to a small high school that meets both of the following criteria:

- (1) It has a 3-year average daily membership (ADM) of less than 100 students; and
- (2) It operates as part of a school that during the 2003–04 school year also included lower grades.

(b) The following table shows the WSU adjustment given to small high schools. In the table, “X” stands for the ADM.

ADM of high school component	Amount of small high school adjustment	School receives a component small school adjustment under § 39.141
50 or fewer students	6.25 base WSU	Yes.
51 to 99 students	determined using the following formula: $\text{WSU} = ((100 - X)/200) * X/2$	Yes.
50 or fewer students	12.5 base WSU	No.
51 to 99 students	determined using the following formula: $\text{WSU} = ((100 - X)/200) * X$	No.

§ 39.145 Can a school receive both a small school adjustment and a small high school adjustment?

A school that meets the criteria in § 39.140 can receive both a small school adjustment and a small high school adjustment. The following table shows the total amount of adjustments for eligible schools by average daily membership (ADM) category.

ADM—entire school	ADM—high school component	Small school adjustment	Small high school adjustment	Total adjustment
1–50	NA	12.5	NA	12.5
1–50	1–50	12.5	6.25	18.75
51–99	1–50	² 12.5–0.5	6.25	18.75–6.75
51–99	51–99	¹ 12.5–0.5	² 6.25–0.25	18.75–0.7

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ADM—entire school	ADM—high school component	Small school adjustment	Small high school adjustment	Total adjustment
99	1–50	0.5	12.5	12.5
99	51–99	0.5	² 12.5–0.5	12.5–0.5

¹ The amount of the adjustment is within this range. The exact figure depends upon the results obtained using the formula in § 39.141.

² The amount of the adjustment is within this range. The exact figure depends upon the results obtained using the formula in § 39.144.

§ 39.146 Is there an adjustment for small residential programs?

In order to compensate for the additional costs of operating a small residential program, OIEP will add to the total WSUs of each qualifying school as shown in the following table:

Type of residential program	Number of WSUs added
Residential student count of 50 or fewer ISEP-eligible students.	12.5.
Residential student count of between 51 and 99 ISEP-eligible students.	Determined by the formula $((100-X)/200)X$, where X equals the residential student count.

GEOGRAPHIC ISOLATION ADJUSTMENT

§ 39.160 Does ISEF provide supplemental funding for extraordinary costs related to a school's geographic isolation?

Yes. Havasupai Elementary School, for as long as it remains in its present location, will be awarded an additional cost factor of 12.5 WSU.

Subpart C—Administrative Procedures, Student Counts, and Verifications

SOURCE: 70 FR 22205, Apr. 28, 2005, unless otherwise noted.

§ 39.200 What is the purpose of the Indian School Equalization Formula?

OIEP uses the Indian School Equalization Formula (ISEF) to distribute Indian School Equalization Program (ISEP) appropriations equitably to Bureau-funded schools.

§ 39.201 Does ISEF reflect the actual cost of school operations?

ISEF does not attempt to assess the actual cost of school operations either at the local school level or in the aggregate nationally. ISEF is a relative distribution of available funds at the

local school level by comparison with all other Bureau-funded schools.

§ 39.202 What are the definitions of terms used in this subpart?

Homebound means a student who is educated outside the classroom.

Home schooled means a student who is not enrolled in a school and is receiving educational services at home at the parent's or guardian's initiative.

School day means a day as defined by the submitted school calendar, as long as annual instructional hours are as they are reflected in § 39.213, excluding passing time, lunch, recess, and breaks.

Three-year average means:

- (1) For academic programs, the average daily membership of the 3 years before the current year of operation; and
- (2) For the residential programs, the count period membership of the 3 years before the current year of operation.

§ 39.203 When does OIEP calculate a school's allotment?

OIEP calculates a school's allotment no later than July 1. Schools must submit final ADM enrollment figures no later than June 15.

§ 39.204 How does OIEP calculate ADM?

OIEP calculates ADM by:

- (a) Adding the total enrollment figures from periodic reports received from each Bureau-funded school; and
- (b) Dividing the total enrollment for each school by the number of days in the school's reporting period.

§ 39.205 How does OIEP calculate a school's total WSUs for the school year?

- (a) OIEP will add the weights obtained from the calculations in paragraphs (a)(1), (a)(2), and (a)(3) of this section to obtain the total weighted student units (WSUs) for each school.

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(1) Each year's ADM is multiplied by the applicable weighted student unit for each grade level;

(2) Calculate any supplemental WSUs generated by the students; and

(3) Calculate any supplemental WSUs generated by the schools.

(b) The total WSU for the school year is the sum of paragraphs (a)(1), (a)(2), and (a)(3) of this section.

§ 39.206 How does OIEP calculate the value of one WSU?

(a) To calculate the appropriated dollar value of one WSU, OIEP divides the systemwide average number of WSUs for the previous 3 years into the current year's appropriation.

(b) To calculate the average WSU for a 3-year period:

(1) *Step 1.* Add together each year's total WSU (calculated under paragraph (b) of this section); and

(2) *Step 2.* Divide the sum obtained in step 1 by 3.

§ 39.207 How does OIEP determine a school's funding for the school year?

To determine a school's funding for the school year, OIEP uses the following seven-step process:

(a) *Step 1.* Multiply the appropriate base academic and/or residential weight from § 39.103 by the number of students in each grade level category.

(b) *Step 2.* Multiply the number of students eligible for supplemental program funding under § 39.107 by the weights for the program.

(c) *Step 3.* Calculate the school-based supplemental weights under § 39.107.

(d) *Step 4.* Add together the sums obtained in steps 1 through 3 to obtain each school's total WSU.

(e) *Step 5.* Add together the total WSUs for all Bureau-funded schools.

(f) *Step 6.* Calculate the value of a WSU by dividing the current school year's funds by the average total WSUs as calculated under step 5 for the previous 3 years.

(g) *Step 7.* Multiply each school's WSU total by the base value of one WSU to determine funding for that school.

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§ 39.208 How are ISEP funds distributed?

(a) On July 1, schools will receive 80 percent of their funds as determined in § 39.207.

(b) On December 1, the balance will be distributed to all schools after verification of the school count and any adjustments made through the appeals process for the third year.

§ 39.209 When may a school count a student for membership purposes?

If a student is enrolled, is in attendance during any of the first 10 days of school, and receives at least 5 days' instruction, the student is deemed to be enrolled all 10 days and shall be counted for ADM purposes. The first 10 days of school, for purposes of this section, are determined by the calendar that the school submits to OIEP.

(a) For ISEP purposes, a school can add a student to the membership when he or she has been enrolled and has received a full day of instruction from the school.

(b) Except as provided in § 39.210, to be counted for ADM, a student dropped under § 39.209 must:

(1) Be re-enrolled; and

(2) Receive a full day of instruction from the school.

§ 39.210 When must a school drop a student from its membership?

If a student is absent for 10 consecutive school days, the school must drop that student from the membership for ISEP purposes of that school on the 11th day.

§ 39.211 What other categories of students can a school count for membership purposes?

A school can count other categories of students for membership purposes as shown in the following table.

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Type of student	Circumstances under which student can be included in the school's membership
(a) Homebound	(1) The student is temporarily confined to the home for some or all of the school day for medical, family emergency, or other reasons required by law or regulation; (2) The student is being provided by the school with at least 5 documented contact hours each week of academic services by certified educational personnel; and (3) Appropriate documentations is on file at the school.
(b) Located in an institutional setting outside of the school.	The school is either: (1) Paying for the student to receive educational services from the facility; or (2) Providing educational services by certified school staff for at least 5 documented contact hours each week.
(c) Taking college courses during the school day.	The student is both: (1) Concurrently enrolled in, and receiving credits for both the school's courses and college courses; and (2) In physical attendance at the school at least 3 documented contact hours per day.
(d) Taking distance learning courses.	The student is both: (1) Receiving high school credit for grades; and (2) In physical attendance at the school at least 3 documented contact hours per day.
(e) Taking internet courses.	The student is both: (1) Receiving high school credit for grades; and (2) Taking the courses at the school site under a teacher's supervision.

§ 39.212 Can a student be counted as enrolled in more than one school?

Yes, if a student attends more than one school during an academic year, each school may count the student as enrolled once the student meets the criteria in 39.209.

§ 39.213 Will the Bureau fund children being home schooled?

No, the Bureau will not fund any child that is being home schooled.

§ 39.214 What is the minimum number of instructional hours required in order to be considered a full-time educational program?

A full time program provides the following number of instructional/student hours to the corresponding grade level:

Grade	Hours
K	720
1-3	810
4-8	900

Grade	Hours
9-12	970

§ 39.215 Can a school receive funding for any part-time students?

(a) A school can receive funding for the following part-time students:

(1) Kindergarten students enrolled in a 2-hour program; and

(2) Grade 7-12 students enrolled in at least half but less than a full instructional day.

(b) The school must count students classified as part-time at 50 percent of their basic instructional WSU value.

RESIDENTIAL PROGRAMS

§ 39.216 How does ISEF fund residential programs?

Residential programs are funded on a WSU basis using a formula that takes into account the number of nights of service per week. Funding for residential programs is based on the average of the 3 previous years' residential WSUs.

§ 39.217 How are students counted for the purpose of funding residential services?

For a student to be considered in residence for purposes of this subpart, the school must be able to document that the student was:

(a) In residence at least one night during the first full week of October;

(b) In residence at least one night during the week preceding the first full week in October;

(c) In residence at least one night during the week following the first full week in October; and

(d) Present for both the after school count and the midnight count at least one night during each week specified in this section.

§ 39.218 Are there different formulas for different levels of residential services?

(a) Residential services are funded as shown in the following table:

If a residential program operates . . .	Each student is funded at the level of . . .
(1) 4 nights per week or less	Total WSU × 4/7.
(2) 5, 6 or 7 nights per week	Total WSU × 7/7.

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(b) In order to qualify for residential services funding under paragraph (a)(2) of this section, a school must document that at least 10 percent of residents are present on 3 of the 4 week-ends during the count period.

(c) At least 50 percent of the residency levels established during the count period must be maintained every month for the remainder of the school year.

(d) A school may obtain waivers from the requirements of this section if there are health or safety justifications.

§ 39.219 What happens if a residential program does not maintain residency levels required by this subpart?

Each school must maintain its declared nights of service per week as certified in its submitted school calendar. For each month that a school does not maintain 25 percent of the residency shown in its submitted calendar, the school will lose one-tenth of its current year allocation.

§ 39.220 What reports must residential programs submit to comply with this subpart?

Residential programs must report their monthly counts to the Director on the last school day of the month. To be counted, a student must have been in residence at least 10 nights during each full school month.

§ 39.221 What is a full school month?

A full school month is each 30-day period following the first day that residential services are provided to students based on the school residential calendar.

PHASE-IN PERIOD

§ 39.230 How will the provisions of this subpart be phased in?

The calculation of the three-year rolling average of ADM for each school and for the entire Bureau-funded school system will be phased-in as shown in the following table.

Time period	How OIEP must calculate ADM
(a) First school year after May 31, 2005.	Use the prior 3 years' count period to create membership for funding purposes

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Time period	How OIEP must calculate ADM
(b) Second school year after May 31, 2005.	(1) The academic program will use the previous year's ADM school year and the 2 prior years' count periods; and (2) The residential program will use the previous year's count period and the 2 prior years' count weeks
(c) Each succeeding school year after May 31, 2005.	Add one year of ADM or count period and drop one year of prior count weeks until both systems are operating on a 3-year rolling average using the previous 3 years' count after period or ADM, respectively.

Subpart D—Accountability

SOURCE: 70 FR 22205, Apr. 28, 2005, unless otherwise noted.

§ 39.401 What is the purpose of this subpart?

The purpose of this subpart is to ensure accountability of administrative officials by creating procedures that are systematic and can be verified by a random independent outside auditing procedures. These procedures will ensure the equitable distribution of funds among schools.

§ 39.402 What definitions apply to terms used in this subpart?

Administrative officials means any persons responsible for managing and operating a school, including the school supervisor, the chief school administrator, tribal officials, Education Line Officers, and the Director, OIEP.

Director means the Director of the Office of Indian Education Programs of the Bureau of Indian Affairs.

Education Line Officer means the Bureau official in charge of Bureau education programs and functions in an Agency who reports to the Director.

§ 39.403 What certification is required?

(a) Each school must maintain an individual file on each student receiving basic educational and supplemental services. The file must contain written documentation of the following:

(1) Each student's eligibility and attendance records;

(2) A complete listing of all supplemental services provided, including all necessary documentation required by statute and regulations (*e.g.*, a current and complete Individual Education

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Plan for each student receiving supplemental services); and

(3) Documentation of expenditures and program delivery for student transportation to and from school provided by commercial carriers.

(b) The School must maintain the following files in a central location:

(1) The school's ADM and supplemental program counts and residential count;

(2) Transportation related documentation, such as school bus mileage, bus routes;

(3) A list of students transported to and from school;

(4) An electronic student count program or database;

(5) Class record books;

(6) Supplemental program class record books;

(7) For residential programs, residential student attendance documentation;

(8) Evidence of teacher certification; and

(9) The school's accreditation certificate.

(c) The Director must maintain a record of required certifications for ELOs, specialists, and school superintendents in a central location.

§ 39.404 What is the certification and verification process?

(a) Each school must:

(1) Certify that the files required by § 39.403 are complete and accurate; and

(2) Compile a student roster that includes a complete list of all students by grade, days of attendance, and supplemental services.

(b) The chief school administrator and the president of the school board are responsible for certifying the school's ADM and residential count is true and accurate to the best of their knowledge or belief and is supported by appropriate documentation.

(c) OIEP's education line officer (ELO) will annually review the following to verify that the information is true and accurate and is supported by program documentation:

(1) The eligibility of every student;

(2) The school's ADM and supplemental program counts and residential count;

(3) Evidence of accreditation;

(4) Documentation for all provided basic and supplemental services, including all necessary documentation required by statute and regulations (*e.g.*, a current and complete Individual Education Plan for each student receiving supplemental services); and

(5) Documentation required by subpart G of this part for student transportation to and from school provided by commercial carriers.

§ 39.405 How will verifications be conducted?

The eligibility of every student shall be verified. The ELO will take a random sampling of five days with a minimum of one day per grading period to verify the information in § 39.404(c). The ELO will verify the count for the count period and verify residency during the remainder of the year.

§ 39.406 What documentation must the school maintain for additional services it provides?

Every school must maintain a file on each student receiving additional services. (Additional services include homebound services, institutional services, distance courses, Internet courses or college services.) The school must certify, and its records must show, that:

(a) Each homebound or institutionalized student is receiving 5 contact hours each week by certified educational personnel;

(b) Each student taking college, distance or internet courses is in physical attendance at the school for at least 3 certified contact hours per day.

§ 39.407 How long must a school maintain records?

The responsible administrative official for each school must maintain records relating to ISEP, supplemental services, and transportation-related expenditures. The official must maintain these records in appropriate retrievable storage for at least the four years prior to the current school year, unless Federal records retention schedules require a longer period.

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§ 39.408 What are the responsibilities of administrative officials?

Administrative officials have the following responsibilities:

- (a) Applying the appropriate standards in this part for classifying and counting ISEP eligible Indian students at the school for formula funding purposes;
- (b) Accounting for and reporting student transportation expenditures;
- (c) Providing training and supervision to ensure that appropriate standards are adhered to in counting students and accounting for student transportation expenditures;
- (d) Submitting all reports and data on a timely basis; and
- (e) Taking appropriate disciplinary action for failure to comply with requirements of this part.

§ 39.409 How does the OIEP Director ensure accountability?

(a) The Director of OIEP must ensure accountability in student counts and student transportation by doing all of the following:

- (1) Conducting annual independent and random field audits of the processes and reports of at least one school per OIEP line office to ascertain the accuracy of Bureau line officers' reviews;
 - (2) Hearing and making decisions on appeals from school officials;
 - (3) Reviewing reports to ensure that standards and policies are applied consistently, education line officers treat schools fairly and equitably, and the Bureau takes appropriate administrative action for failure to follow this part; and
 - (4) Reporting the results of the findings and determinations under this section to the appropriate tribal governing body.
- (b) The purpose of the audit required by paragraph (a)(1) of this section is to ensure that the procedures outlined in these regulations are implemented. To conduct the audit required by paragraph (a)(1) of this section, OIEP will select an independent audit firm that will:

- (1) Select a statistically valid audit sample of recent student counts and student transportation reports; and

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(2) Analyze these reports to determine adherence to the requirements of this part and accuracy in reporting.

§ 39.410 What qualifications must an audit firm meet to be considered for auditing ISEP administration?

To be considered for auditing ISEP administration under this subpart, an independent audit firm must:

- (a) Be a licensed Certified Public Accountant Firm that meets all requirements for conducting audits under the Federal Single Audit Act;
- (b) Not be under investigation or sanction for violation of professional audit standards or ethics;
- (c) Certify that it has conducted a conflict of interests check and that no conflict exists; and
- (d) Be selected through a competitive bidding process.

§ 39.411 How will the auditor report its findings?

(a) The auditor selected under § 39.410 must:

- (1) Provide an initial draft report of its findings to the governing board or responsible Federal official for the school(s) involved; and
 - (2) Solicit, consider, and incorporate a response to the findings, where submitted, in the final audit report.
- (b) The auditor must submit a final report to the Assistant Secretary—Indian Affairs and all tribes served by each school involved. The report must include all documented exceptions to the requirements of this part, including those exceptions that:
- (1) The auditor regards as negligible;
 - (2) The auditor regards as significant, or as evidence of incompetence on the part of responsible officials, and that must be resolved in a manner similar to significant audit exceptions in a fiscal audit; or
 - (3) Involve fraud and abuse.
- (c) The auditor must immediately report exceptions involving fraud and abuse directly to the Department of the Interior Inspector General's office.

§ 39.412 What sanctions apply for failure to comply with this subpart?

- (a) The employer of a responsible administrative official must take appropriate personnel action if the official:

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(1) Submits false or fraudulent ISEP-related counts;

(2) Submits willfully inaccurate counts of student participation in weighted program areas; or

(3) Certifies or verifies submissions described in paragraphs (a)(1) or (a)(2) of this section.

(b) Unless prohibited by law, the employer must report:

(1) Notice of final Federal personnel action to the tribal governing body and tribal school board; and

(2) Notice of final tribal or school board personnel action to the Director of OIEP.

§ 39.413 Can a school appeal the verification of the count?

Yes, a school may appeal to the Director any administrative action disallowing any academic, transportation, supplemental program or residential count. In this appeal, the school may provide evidence to indicate the student's eligibility, membership or residency or adequacy of a program for all or a portion of school year. The school must follow the applicable appeals process in 25 CFR part 2 or 25 CFR part 900, subpart L.

Subpart E—Contingency Fund

SOURCE: 70 FR 22205, Apr. 28, 2005, unless otherwise noted.

§ 39.500 What emergency and contingency funds are available?

The Secretary:

(a) Must reserve 1 percent of funds from the allotment formula to meet emergencies and unforeseen contingencies affecting educational programs;

(b) Can carry over to the next fiscal year a maximum of 1 percent the current year funds; and

(c) May distribute all funds in excess of 1 percent equally to all schools or distribute excess as a part of ISEP.

§ 39.501 What is an emergency or unforeseen contingency?

An emergency or unforeseen contingency is an event that meets all of the following criteria:

(a) It could not be planned for;

(b) It is not the result of mismanagement, malfeasance, or willful neglect;

(c) It is not covered by an insurance policy in force at the time of the event;

(d) The Assistant Secretary determines that Bureau cannot reimburse the emergency from the facilities emergency repair fund; and

(e) It could not have been prevented by prudent action by officials responsible for the educational program.

§ 39.502 How does a school apply for contingency funds?

To apply for contingency funds, a school must send a request to the ELO. The ELO must send the request to the Director for consideration within 48 hours of receipt. The Director will consider the severity of the event and will attempt to respond to the request as soon as possible, but in any event within 30 days.

§ 39.503 How can a school use contingency funds?

Contingency funds can be used only for education services and programs, including repair of educational facilities.

§ 39.504 May schools carry over contingency funds to a subsequent fiscal year?

Bureau-operated schools may carry over funds to the next fiscal year.

§ 39.505 What are the reporting requirements for the use of the contingency fund?

(a) At the end of each fiscal year, Bureau/OIEP shall send an annual report to Congress detailing how the Contingency Funds were used during the previous fiscal year.

(b) By October 1 of each year, the Bureau must send a letter to each school and each tribe operating a school listing the allotments from the Contingency Fund.

Subpart F—School Board Training Expenses

SOURCE: 70 FR 22205, Apr. 28, 2005, unless otherwise noted.

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§ 39.600 Are Bureau-operated school board expenses funded by ISEP limited?

Yes. Bureau-operated schools are limited to \$8,000 or one percent (1%) of ISEP allotted funds (not to exceed \$15,000).

§ 39.601 Is school board training for Bureau-operated schools considered a school board expense subject to the limitation?

No, school board training for Bureau-operated schools is not considered a school board expense subject to the limitation in § 39.600.

§ 39.603 Is school board training required for all Bureau-funded schools?

Yes. Any new member of a local school board or an agency school board must complete 40 hours of training within one year of appointment, provided that such training is recommended, but is not required, for a tribal governing body that serves in the capacity of a school board.

§ 39.604 Is there a separate weight for school board training at Bureau-operated schools?

Yes. There is an ISEP weight not to exceed 1.2 WSUs to cover school board training and expenses at Bureau-operated schools.

Subpart G—Student Transportation

SOURCE: 70 FR 22205, Apr. 28, 2005, unless otherwise noted.

§ 39.700 What is the purpose of this subpart?

(a) This subpart covers how transportation mileage and funds for schools are calculated under the ISEP transportation program. The program funds transportation of students from home to school and return.

(b) To use this part effectively, a school should:

(1) Determine its eligibility for funds using the provisions of §§ 39.702 through 39.708;

(2) Calculate its transportation miles using the provisions of §§ 39.710 and 39.711; and

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(3) Submit the required reports as required by §§ 39.721 and 39.722.

§ 39.701 What definitions apply to terms used in this subpart?

ISEP means the Indian School Equalization Program.

Transportation mileage count week means the last full week in September.

Unimproved roads means unengineered earth roads that do not have adequate gravel or other aggregate surface materials applied and do not have drainage ditches or shoulders.

ELIGIBILITY FOR FUNDS

§ 39.702 Can a school receive funds to transport residential students using commercial transportation?

A school transporting students by commercial bus, train, airplane, or other commercial modes of transportation will be funded at the cost of the commercial ticket for:

(a) The trip from home to school in the Fall;

(b) The round-trip return home at Christmas; and

(c) The return trip home at the end of the school year.

§ 39.703 What ground transportation costs are covered for students traveling by commercial transportation?

This section applies only if a school transports residential students by commercial bus, train or airplane from home to school. The school may receive funds for the ground miles that the school has to drive to deliver the students or their luggage from the bus, train, or plane terminal to the school.

§ 39.704 Are schools eligible to receive chaperone expenses to transport residential students?

Yes. Schools may receive funds for actual chaperone expenses, excluding salaries, during the transportation of students to and from home at the beginning and end of the school year and at Christmas.

§ 39.705 Are schools eligible for transportation funds to transport special education students?

Yes. A school that transports a special education student from home to a

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treatment center and back to home on a daily basis as required by the student's Individual Education Plan may count those miles for day student funding.

§ 39.706 Are peripheral dormitories eligible for day transportation funds?

Yes. If the peripheral dormitory is required to transport dormitory students to the public school, the dormitory may count those miles driven transporting students to the public school for day transportation funding.

§ 39.707 Which student transportation expenses are currently not eligible for Student Transportation Funding?

(a) The following transportation expenses are currently not eligible for transportation funding, however the data will be collected under the provisions in this subpart:

- (1) Fuel and maintenance runs;
- (2) Transportation home for medical or other emergencies;
- (3) Transportation from school to treatment or special services programs;
- (4) Transportation to after-school programs; and
- (5) Transportation for day and boarding school students to attend instructional programs less than full-time at locations other than the school reporting the mileage.

(b) Examples of after-school programs covered by paragraph (a)(4) of this section include:

- (1) Athletics;
- (2) Band;
- (3) Detention;
- (4) Tutoring, study hall and special classes; and
- (5) Extra-curricular activities such as arts and crafts.

§ 39.708 Are miles generated by non-ISEP eligible students eligible for transportation funding?

No. Only miles generated by ISEP-eligible students enrolled in and attending a school are eligible for student transportation funding.

CALCULATING TRANSPORTATION MILES

§ 39.710 How does a school calculate annual bus transportation miles for day students?

To calculate the total annual bus transportation miles for day students, a school must use the appropriate formula from this section. In the formulas, Tu = Miles driven on Tuesday of the transportation mileage count week, W = Miles driven on Wednesday of the transportation mileage count week, and Th = Miles driven on Thursday of the transportation mileage count week.

(a) For ISEP-eligible day students whose route is entirely over improved roads, calculate miles using the following formula:

$$\frac{\text{Tu} + \text{W} + \text{Th}}{3} * 180$$

(b) For ISEP-eligible day students whose route is partly over unimproved roads, calculate miles using the following three steps.

(1) *Step 1.* Apply the following formula to miles driven over improved roads only:

$$\frac{\text{Tu} + \text{W} + \text{Th}}{3} * 180$$

(2) *Step 2.* Apply the following formula to miles driven over unimproved roads only:

$$\frac{\text{Tu} + \text{W} + \text{Th}}{3} * 1.2 * 180$$

(3) *Step 3.* Add together the sums from steps 1 and 2 to obtain the total annual transportation miles.

§ 39.711 How does a school calculate annual bus transportation miles for residential students?

To calculate the total annual transportation miles for residential students, a school must use the procedures in paragraph (b) of this section.

(a) The school can receive funds for the following trips:

- (1) Transportation to the school at the start of the school year;
- (2) Round trip home at Christmas; and

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(3) Return trip to home at the end of the school year.

(b) To calculate the actual miles driven to transport students from home to school at the start of the school year, add together the miles driven for all buses used to transport students from their homes to the school. If a school transports students over unimproved roads, the school must separate the number of miles driven for each bus into improved miles and unimproved miles. The number of miles driven is the sum of:

(1) The number of miles driven on improved roads; and

(2) The number of miles driven on unimproved roads multiplied by 1.2.

(c) The annual miles driven for each school is the sum of the mileage from paragraphs (b)(1) and (b)(2) of this section multiplied by 4.

REPORTING REQUIREMENTS

§ 39.720 Why are there different reporting requirements for transportation data?

In order to construct an actual cost data base, residential and day schools must report data required by §§ 39.721 and 39.722.

§ 39.721 What transportation information must off-reservation boarding schools report?

(a) Each off-reservation boarding school that provides transportation must report annually the information required by this section. The report must:

(1) Be submitted to OIEP by August 1 and cover the preceding school year;

(2) Include a Charter/Commercial and Air Transportation Form signed and certified as complete and accurate by the School Principal and the appropriate ELO; and

(3) Include the information required by paragraph (b) of this section.

(b) Each annual transportation report must include the following information:

(1) Fixed vehicle costs, including: the number and type of buses, passenger size, and local GSA rental rate and duration of GSA contract;

(2) Variable vehicle costs;

(3) Mileage traveled to transport students to and from school on school

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days, to sites of special services, and to extra-curricular activities;

(4) Medical trips;

(5) Maintenance and Service costs; and

(6) Driver costs;

(7) All expenses referred to in § 39.707.

§ 39.722 What transportation information must day schools, on-reservation boarding schools and peripheral dormitory schools report?

(a) By August 1 of each year, all schools and peripheral dorms that provide transportation must submit a report that covers the preceding year. This report must include:

(1) Fixed vehicle costs and other costs, including: the number and type of buses, passenger size, and local GSA rental rate and duration of GSA contract;

(2) Variable vehicle costs;

(3) Mileage traveled to transport students to and from school on school days, to sites of special services, and to extra-curricular activities;

(4) Mileage driven for student medical trips;

(5) Costs of vehicle maintenance and service cost, including cost of miles driven to obtain maintenance and service;

(6) Driver costs; and

(7) All expenses referred to in § 39.707.

(b) In addition, all day schools and on-reservation boarding schools must include in their report a Day Student Transportation Form signed and certified as complete and accurate by the School Principal and the appropriate ELO.

MISCELLANEOUS PROVISIONS

§ 39.730 Which standards must student transportation vehicles meet?

All vehicles used by schools to transport students must meet or exceed all appropriate Federal motor vehicle safety standards and State or Tribal motor vehicle safety standards. The Bureau will not fund transportation mileage and costs incurred transporting students in vehicles that do not meet these standards.

§ 39.731 Can transportation time be used as instruction time for day school students?

No. Transportation time cannot be used as instruction time for day school students in meeting the minimum required hours for academic funding.

§ 39.732 How does OIEP allocate transportation funds to schools?

OIEP allocates transportation funds based on the types of transportation programs that the school provides. To allocate transportation funds OIEP:

- (a) Multiplies the one-way commercial costs for all schools by four to identify the total commercial costs for all schools;
- (b) Subtracts the commercial cost total from the appropriated transportation funds and allocates the balance of the transportation funds to each school with a per-mile rate;
- (c) Divides the balance of funds by the sum of the annual day miles and the annual residential miles to identify a per-mile rate;
- (d) For day transportation, multiplies the per-mile rate times the annual day miles for each school; and
- (e) For residential transportation, multiplies the per mile rate times the annual transportation miles for each school.

Subpart H—Determining the Amount Necessary To Sustain an Academic or Residential Program

SOURCE: 70 FR 22205, Apr. 28, 2005, unless otherwise noted.

§ 39.801 What is the formula to determine the amount necessary to sustain a school's academic or residential program?

(a) The Secretary's formula to determine the minimum annual amount necessary to sustain a Bureau-funded school's academic or residential program is as follows:

Student Unit Value × Weighted Student Unit = Annual Minimum Amount per student.

(b) Sections 39.802 through 39.807 explain the derivation of the formula in paragraph (a) of this section.

(c) If the annual minimum amount calculated under this section and §§ 39.802 through 39.807 is not fully funded, OIEP will pro rate funds distributed to schools using the Indian School Equalization Formula.

§ 39.802 What is the student unit value in the formula?

The student unit value is the dollar value applied to each student in an academic or residential program. There are two types of student unit values: the student unit instructional value (SUIV) and the student unit residential value (SURV).

(a) The student unit instructional value (SUIV) applies to a student enrolled in an instructional program. It is an annually established ratio of 1.0 that represents a student in grades 4 through 6 of a typical non-residential program.

(b) The student unit residential value (SURV) applies to a residential student. It is an annually established ratio of 1.0 that represents a student in grades 4 through 6 of a typical residential program.

§ 39.803 What is a weighted student unit in the formula?

A weighted student unit is an adjusted ratio using factors in the Indian School Equalization Formula to establish educational priorities and to provide for the unique needs of specific students, such as:

- (a) Students in grades kindergarten through 3 or grades 7 through 12;
- (b) Special education students;
- (c) Gifted and talented students;
- (d) Distance education students;
- (e) Vocational and industrial education students;
- (f) Native Language Instruction students;
- (g) Small schools;
- (h) Personnel costs;
- (i) Alternative schooling; and
- (j) Early Childhood Education programs.

§ 39.804 How is the SUIV calculated?

The SUIV is calculated by the following 5-step process:

- (a) *Step 1.* Use the adjusted national average current expenditures (ANACE)

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of public and private schools determined by data from the U.S. Department of Education-National Center of Education Statistics (NCES) for the last school year for which data is available.

(b) *Step 2.* Subtract the average specific Federal share per student (title I part A and IDEA part B) of the total revenue for Bureau-funded elementary and secondary schools for the last school year for which data is available as reported by NCES (15%).

(c) *Step 3.* Subtract the administrative cost grant/agency area technical services revenue per student as a percentage of the total revenue (current expenditures) of Bureau-funded schools from the last year data is available.

(d) *Step 4.* Subtract the day transportation revenue per student as a percentage of the total revenue (current revenue) Bureau-funded schools for the last school year for which data is available.

(e) *Step 5.* Add Johnson O'Malley funding. (See the table, in § 39.805)

§ 39.805 What was the student unit for instruction value (SUIV) for the school year 1999–2000?

The process described in § 39.804 is illustrated in the table below, using figures for the 1999–2000 school year:

Step 1	\$8,030	ANACE.
Step 2	– 1205	Average specific Federal share of total revenue for Bureau-funded schools.
Step 3	– 993	Cost grant/technical services revenue as a percentage total revenue.
Step 4	– 658	Transportation revenue as a percentage of the total revenue.
Step 5	85	Johnson O'Malley funding.
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Total	\$5,259	SUIV.

§ 39.806 How is the SURV calculated?

(a) The SURV is the adjusted national average current expenditures for residential schools (ANACER) of public and private residential schools. This average is determined using data from the Association of Boarding Schools.

(b) Applying the procedure in paragraph (a) of this section, the SURV for school year 1999–2000 was \$11,000.

§ 39.807 How will the Student Unit Value be adjusted annually?

(a) The student unit instructional value (SUIV) and the student unit residential value (SURV) will be adjusted annually to derive the current year Student Unit Value (SUV) by dividing the calculated SUIV and the SURV into two parts and adjusting each one as shown in this section.

(1) The first part consists of 85 percent of the calculated SUIV and the SURV. OIEP will adjust this portion using the personnel cost of living increase of the Department of Defense schools for each year.

(2) The second part consists of 15 percent the calculated SUIV and the SURV. OIEP will adjust this portion

using the Consumer Price Index-Urban of the Department of Labor.

(b) If the student unit value amount is not fully funded, the schools will receive their pro rata share using the Indian School Equalization Formula.

§ 39.808 What definitions apply to this subpart?

Adjusted National Average Current Expenditure [ANACE] means the actual current expenditures for pupils in fall enrollment in public elementary and secondary schools for the last school year for which data is available. These expenditures are adjusted annually to reflect current year expenditures of federally financed schools' cost of day and residential programs.

Current expenditures means expenses related to classroom instruction, classroom supplies, administration, support services-students and other support services and operations. Current expenditures do not include facility operations and maintenance, buildings and improvements, furniture, equipment, vehicles, student activities and debt retirement.

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§ 39.809 Information collection.

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. This part involves collections of information subject to the PRA in §§39.410 and 39.502. These collections have been approved by OMB under control numbers 1076-0122, 1076-0134, and 1076-0163.

Subpart I—Interim Maintenance and Minor Repair Fund

SOURCE: 44 FR 61864, Oct. 26, 1979, unless otherwise noted. Redesignated at 47 FR 13327, Mar. 30, 1982. Redesignated at 70 FR 33702, June 9, 2005.

§ 39.900 Establishment and funding of an Interim Maintenance and Minor Repair Fund.

There is established in the Division of Facilities Management a separate temporary fund entitled the Interim Maintenance and Minor Repair Fund. The Assistant Secretary shall cause the distribution of an amount of \$1 million, under the FY 1980 Appropriation for the Bureau, from budget activity 3500, “General Management and Facilities Operation”, to the direct use of schools, and shall create an appropriate account or subaccount for the Interim Maintenance and Minor Repair Fund and credit these funds thereto.

§ 39.901 Conditions for distribution.

Funds from the Interim Maintenance and Minor Repair Fund shall be distributed to Bureau operated and funded schools and shall be separately earmarked in local school financial plans solely for expenditure at the discretion of the school supervisor for cost of school facility maintenance and minor repair. These funds shall be used to meet immediate minor repair and maintenance needs.

§ 39.902 Allocation.

(a) Interim Maintenance and Minor Repair funds shall be allocated to all Bureau operated and contract schools based on the number of square feet of floor space used for that school’s educational program, for student residence and for support facilities. Staff quarters shall be specifically excluded from the computation.

(b) Square footage figures used in determining school allocations shall be taken from the facilities inventory maintained by the Division of Facilities Engineering.

(c) In those cases, such as contract schools, where square footage figures are not now available, it shall be the responsibility of the Bureau’s Division of Facilities Engineering to correct the information.

(d) Schools in Alaska shall receive a 25% cost adjustment increase in the computation of their allocation.

§ 39.903 Use of funds.

Funds allocated under this provision for maintenance and minor repair shall be used for no other purpose.

§ 39.904 Limitations.

Nothing in this provision shall be interpreted as relieving the Bureau branch of Facilities Management or its field offices of any responsibility for continuing to provide maintenance and repair service to schools through existing procedures.

Subpart J—Administrative Cost Formula

SOURCE: 56 FR 35795, July 26, 1991, unless otherwise noted. Redesignated at 70 FR 33702, June 9, 2005.

§ 39.1000 Purpose and scope.

The purpose of this subpart is to provide funds at the agency and area education offices for FY 1991 and future years for administration of all Bureau of Indian Affairs education functions, including but not limited to school operations, continuing education, early childhood education, post-secondary education and Johnson-O’Malley Programs.

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§ 39.1001 Definitions.

(a) *Agency Education Office* means a field office of the Office of Indian Education Programs providing administrative direction and supervision to one or more Bureau-operated schools as well as being responsible for all other education functions serving tribes within that agency's jurisdiction.

(b) *Area Education Office* means a field office of the Office of Indian Education Programs responsible for all education functions serving tribes not serviced by an agency education office and in some cases providing administrative direction to one or more off-reservation boarding schools not under an agency education office.

§ 39.1002 Allotment of education administrative funds.

The total annual budget for agencies/areas shall be allotted to the Director and through him/her to agency and area education offices. This total budget shall be distributed to the various agency and area education offices as follows:

(a) Each agency or area education office as defined above shall receive a base amount of \$50,000 for basic administrative costs; and

(b) Each agency or area education office as defined above shall receive an amount under these funds equal to two percent of the total higher education, Johnson-O'Malley and adult education funds administered by each office, except that the Navajo Agencies are restricted to a maximum of \$50,000 for administering the Johnson-O'Malley and higher education programs; and

(c) Eighty percent of the remaining funds shall be distributed proportionately based on the number of schools operated under the jurisdiction of each agency or area education office, with Bureau-operated schools counting as 1 and contract/grant schools counting as 0.6; and

(d) The remaining twenty percent shall be distributed proportionately based on the total weighted student units generated by all schools under the jurisdiction of each agency or area education office.

§ 39.1003 Allotment exception for FY 1991.

For FY 1991 only, the Director may reserve an amount equal to no more than one half of the funds received in FY 1990 by those offices to be closed in FY 1991 to cover severance pay costs, lump sum leave payments and relocation costs for those individuals affected by the closures. Any balance uncommitted by March 31, 1991, shall be distributed in accordance with the formula in § 39.122.

Subpart K—Pre-kindergarten Programs

SOURCE: 44 FR 61864, Oct. 26, 1979, unless otherwise noted. Redesignated at 47 FR 13327, Mar. 30, 1982. Redesignated at 70 FR 33702, June 9, 2005.

§ 39.1100 Interim fiscal year 1980 and fiscal year 1981 funding for pre-kindergarten programs previously funded by the Bureau.

Those schools having pre-kindergarten programs funded fully or in part from Bureau education funds in fiscal year 1979 shall be funded from Bureau education funds by the Director in fiscal year 1980 and fiscal year 1981 at their fiscal year 1979 Bureau education funding levels. The fiscal year 1979 pre-kindergarten Bureau funding amount for each Bureau funded school shall be deducted from the school's fiscal year 1979 Bureau Education Budget amount prior to application of the phase-in provision.

[44 FR 61864, Oct. 26, 1979. Redesignated at 47 FR 13327, Mar. 30, 1982. Redesignated and amended at 70 FR 33702, June 9, 2005]

§ 39.1101 Addition of pre-kindergarten as a weight factor to the Indian School Equalization Formula in fiscal year 1982.

The Director, in consultation with the tribes and school boards, shall determine appropriate weight factors needed to include pre-kindergarten programs in the Indian School Equalization Formula in fiscal year 1982. Based on a needs assessment, to be completed by January 1, 1980, pre-kindergarten programs shall be included in the Bureau's education request for fiscal year 1982.

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Subpart L—Contract School Operation and Maintenance Fund

SOURCE: 44 FR 61864, Oct. 26, 1979, unless otherwise noted. Redesignated at 70 FR 33702, June 9, 2005.

§ 39.1200 Definitions.

Contract school operation and maintenance costs for fiscal year 1979 means the sum of costs for custodial salaries and fringe benefits, related supplies and equipment and equipment repair, insurance, and school operation utilities costs, where such costs are not paid by the Division of Facilities Management or other noneducation Bureau sources.

§ 39.1201 Establishment of an interim fiscal year 1980 operation and maintenance fund for contract schools.

There is established in the Division of Facilities Management a separate fund entitled the Contract School Operation and Maintenance Fund. The Secretary shall cause the distribution of an amount of \$2.5 million, under the fiscal year 1980 appropriation for the Bureau, from budget activity 3500, "General Management and Facilities Operations", to the schools through this fund and shall create an appropriate account or subaccount for the Contract School Operation and Maintenance Fund.

§ 39.1202 Distribution of funds.

(a) Each contract school shall receive in fiscal year 1980 a portion of the Contract School Operation and Maintenance Fund determined by the percentage share which that school's fiscal year 1979 operation and maintenance cost represents in the total fiscal year 1979 operation and maintenance cost for all such schools.

(b) To be eligible for these funds, a contract school shall submit a detailed report of actual operation and maintenance costs for fiscal year 1979 to the Director by November 23, 1979. These cost figures will be subject to verification by the Director to assure their accuracy prior to the allotment of any funds under this subpart.

(c) Any funds generated under this subpart shall be included in the com-

putation of the phase-in amount if supplemental operation and maintenance funds were included in a school's fiscal year 1979 3100 contract funds.

[44 FR 61864, Oct. 26, 1979. Redesignated at 47 FR 13327, Mar. 30, 1982. Redesignated and amended at 70 FR 33702, June 9, 2005]

§ 39.1203 Future consideration of contract school operation and maintenance funding.

The Assistant Secretary shall arrange for full funding for operation and maintenance of contract schools by fiscal year 1981.

PART 40—ADMINISTRATION OF EDUCATIONAL LOANS, GRANTS AND OTHER ASSISTANCE FOR HIGHER EDUCATION

Sec.

40.1 Appropriations for loans or grants.

40.2 Working scholarships.

40.3 Applications.

40.4 Security.

40.5 Repayments.

AUTHORITY: Sec. 11, 48 Stat. 986; 25 U.S.C. 471.

SOURCE: 22 FR 10533, Dec. 24, 1957, unless otherwise noted. Redesignated at 47 FR 13327, Mar. 30, 1982.

§ 40.1 Appropriations for loans or grants.

Funds appropriated by Congress for the education of Indians may be used for making educational loans and grants to aid students of one-fourth or more degree of Indian blood attending accredited institutions of higher education or other accredited schools offering vocational and technical training who reside within the exterior boundaries of Indian reservations under the jurisdiction of the Bureau of Indian Affairs or on trust or restricted lands under the jurisdiction of the Bureau of Indian Affairs. Such educational loans and grants may be made also to students of one-fourth or more degree of Indian blood who reside near the reservation when a denial of such loans or grants would have a direct effect upon Bureau programs within the reservation. After students meeting these eligibility requirements are taken care of, Indian students who do not meet the residency requirements